

Official Statement

WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Los Angeles County, California

\$3,200,000 PRINCIPAL AMOUNT

1978, Series A
(General Obligation Bonds)

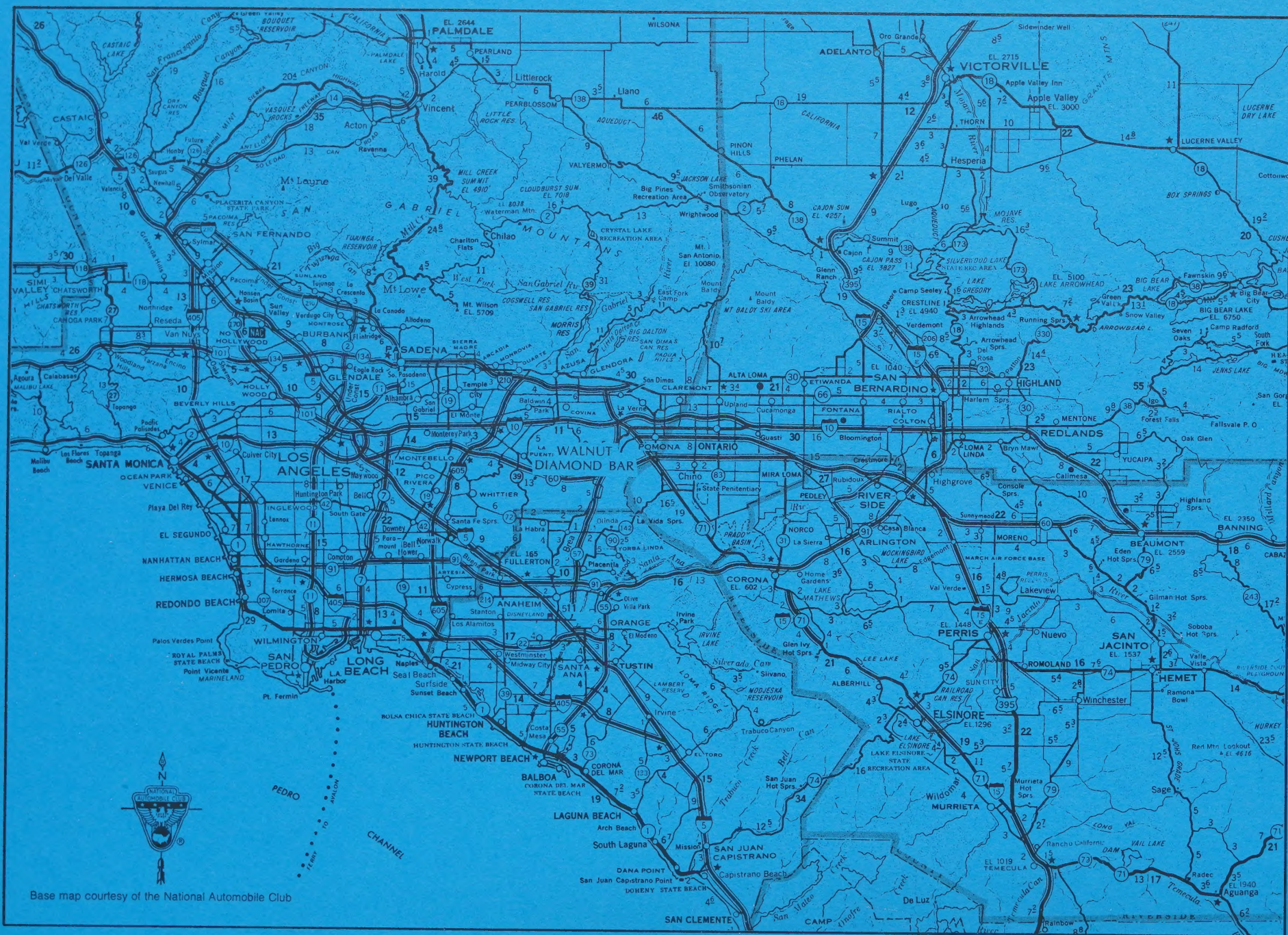
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MAY 8 1978

UNIVERSITY OF CALIFORNIA

no slip

Bids to be received by the Board of Supervisors of Los Angeles County, Room 383, Hall of Administration, 500 West Temple Street, Los Angeles, California 90012 at 9:00 A.M., Tuesday, May 23, 1978.



Vicinity map showing the location of Walnut and Diamond Bar in relation to city of Los Angeles.

WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Los Angeles County, California

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O'Melveny & Myers
Los Angeles
Bond Counsel

Stone & Youngberg Municipal Financing Consultants, Inc.
San Francisco and Los Angeles
Financing Consultants

THE DATE OF THIS OFFICIAL STATEMENT IS MAY 1, 1978

700639

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of \$3,200,000 principal amount of 1978, Series A Bonds proposed to be issued by the Walnut Valley Unified School District.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Walnut Valley Unified School District (which firm will receive compensation from the District contingent upon the sale and delivery of the Bonds).

The Official Statement is not to be construed as a contract with the purchasers of the 1978, Series A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The members of the Board of Trustees of the Walnut Valley Unified School District have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Walnut Valley Unified School District will deliver to the purchaser of the Bonds a certificate as to the above, dated the date of Bond delivery and further certifying that the signatories know of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds. 100 copies of the Official Statement will be supplied to the purchaser of the Bonds for this purpose.

The opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel to the District, will be furnished to the successful bidder (see the section entitled "Legal Opinion" herein). The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the sections titled "The Bonds", excepting the material under the heading "Estimated Debt Service."

May 1, 1978

DAVID L. BROWN, Ed. D.
SUPERINTENDENT
WALNUT VALLEY UNIFIED SCHOOL DISTRICT

CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE BONDS	2
Authority for Issuance	2
Terms of Sale	2
Description of the Bonds	2
Interest	3
Redemption Provisions	3
Payment	3
Registration	3
Legal Opinion	3
Tax Exempt Status	4
Change in Tax Exempt Status	4
Legality for Investment	4
Security	4
No Litigation	4
Purpose of Issue	5
Tax Limitation Ballot Proposals	5
Estimated Debt Service	9
THE IMPROVEMENT PROGRAM	11
DISTRICT ORGANIZATION AND FINANCIAL DATA	12
Facilities and Attendance	12
Assessed Valuations	13
Revenue Limitations	13
Tax Rates	14
Tax Levies, Collections, and Delinquencies	15
Large Taxpayers	16
General Fund Income and Expenditures	16
Fund Balances	18
Lease Payments	19
Direct and Estimated Overlapping Bonded Debt	19
Employer-Employee Relations	21
Pension Plans	21
ECONOMY OF THE DISTRICT	23
Population Characteristics	23
U. S. Census Data	24
Employment	24
New Construction	27
Developer Activity	27
Commercial Activity	28
Financial Services	29
Transportation	29
Education	30
Community Facilities and Recreation	30
LOS ANGELES COUNTY	31
County Government	31
Commerce and Industry	31

TABLES

	<u>Page</u>
Table 1 Estimated Maximum Annual Bond Service	10
Table 2 Assessed Valuation and Average Daily Attendance	12
Table 3 Assessed Valuation by Tax Roll	13
Table 4 Tax Rate Distribution by Purpose	14
Table 5 Selected Tax Rate Areas	15
Table 6 Tax Collections and Delinquencies	16
Table 7 Summary of General Fund Income and Expenditures	17
Table 8 General Fund Income and Expenditures	18
Table 9 Statement of Direct and Estimated Overlapping Bonded Debt	20

INTRODUCTION

The \$3,200,000 principal amount of 1978, Series A general obligation bonds of the District represents a portion of two separate bond authorizations. The 1978, Series A bonds in the principal amount of \$830,000 were authorized at an election held in the District on March 5, 1974 and the 1978, Series A bonds in the principal amount of \$2,370,000 were authorized at an election held on March 7, 1978. After the sale of the 1978, Series A bonds, \$4,000 of the 1974 authorization and \$7,630,000 of the 1978 authorization will remain authorized but unsold. Proceeds from the sale of the 1978, Series A bonds will be applied towards the construction of an elementary school and four relocatable classrooms.

The District, providing elementary and secondary school educational services to approximately 23,000 residents in an area containing 21.5 square miles, has operated as a unified school district under the laws of the State of California since formation in 1970. Located in east central Los Angeles County, approximately 30 miles east of Los Angeles, the District encompasses most of the City of Walnut, a small portion of the City of West Covina, a portion of the City of Industry, and certain unincorporated areas, principally the community of Diamond Bar. Both Walnut and Diamond Bar are predominately residential in character. In the planned community of Diamond Bar, Transamerica Corporation has arranged for the construction of churches, schools, commercial establishments and residences within District boundaries. Residential projects at Diamond Bar include town houses and luxury custom homes.

The City of Industry has an estimated 550 employers and over 24,000 jobs. It is devoted almost exclusively to industrial production, assembly operations, warehousing, and distribution. There are ten square miles of land in the City of Industry zoned exclusively for industry, representing the largest reservoir of potential industrial growth in the Los Angeles basin. That portion of the City of Industry within the District contains a number of small-to-medium size industrial firms, the largest of which is Norris Industries, a producer of plumbing ware with over 400 employees.

Diversified transportation facilities have contributed to the rapid growth of the area. Traversing the District are main lines of the Southern Pacific and the Union Pacific Railroads. Also traversing the District is the Pomona Freeway (State Highway 60), linked by the Orange Freeway (State Highway 57) to the San Bernardino Freeway (Interstate 10), which provides linkage with Interstate 210 (Foothill Freeway) in the northern part of the San Gabriel Valley, and the extensive freeway network of Orange County to the south. Ontario International Airport is less than a 30-minute drive to the east via the Pomona Freeway. Also readily accessible by freeway are Los Angeles International Airport and Orange County Airport.

Over the past five years, the District's assessed valuation increased approximately 127.2 percent and assessed valuations per unit of average daily attendance increased approximately 68.6 percent. Average daily attendance over the past five years has increased 34.7 percent, from 5,562 in 1973/74 to an estimated 7,494 in 1977/78. Upon delivery of the 1978, Series A Bonds currently being offered for sale, the District's direct debt will be \$10,193,161 or 9.64 percent of assessed valuation and 2.07 percent of estimated real value. Net direct and estimated overlapping debt will be 17.75 percent and 3.81 percent of assessed valuation and estimated real value respectively.

THE BONDS

AUTHORITY FOR ISSUANCE

The \$3,200,000 principal amount of Walnut Valley Unified School District 1978, Series A Bonds now being offered for sale are general obligation bonds to be issued under provisions of Title 1, Division 1, Part 10, Chapter 2 of the State of California Education Code, and pursuant to a resolution of the Board of Supervisors of Los Angeles County adopted on April 18, 1978.

TERMS OF SALE

Bids will be received by the Board of Supervisors of Los Angeles County on or before 9:00 A.M. on Tuesday, May 23, 1978, at the Office of the Board of Supervisors, Room 383, Hall of Administration, 500 West Temple Street, Los Angeles, California 90012. The Bonds will be sold pursuant to the terms of sale contained in the Notice Inviting Bids adopted by the Board of Supervisors on April 18, 1978.

DESCRIPTION OF THE BONDS

\$3,200,000 principal amount of 1978, Series A bonds are dated June 1, 1978, are to be issued in the denomination of \$5,000 each, consisting of 640 bonds, numbered 1 to 640, inclusive, and shall mature on June 1 of each of the years and in the respective principal amounts shown below:

<u>Maturity Date</u>	<u>Principal Amount</u>
1979	\$ 25,000
1980	100,000
1981	125,000
1982	200,000
1983	225,000
1984	100,000
1985	125,000
1986	125,000
1987	125,000
1988	125,000
1989	150,000
1990	150,000
1991	150,000
1992	175,000
1993	175,000
1994	200,000
1995	200,000
1996	225,000
1997	250,000
1998	250,000

INTEREST

Interest on the bonds at a rate not to exceed seven percent (7%) per annum is payable for the first year on June 1, 1979 and semiannually thereafter on December 1 and June 1.

REDEMPTION PROVISIONS

The bonds maturing on or prior to June 1, 1993, shall not be subject to call or redemption prior to maturity. The bonds maturing on or after June 1, 1994, or any of them may be called before maturity and redeemed at the option of the Governing Board of the Walnut Valley Unified School District on June 1, 1989 or on any interest payment date thereafter prior to maturity, at a redemption price for each bond equal to the principal amount thereof, plus a premium of one-quarter of one percent (1/4%) of said principal amount for each year or portion of a year between the redemption date and the maturity date. All or any of the bonds subject to call may be called for redemption at any one time. If less than all of the bonds are redeemed at any one time, such bonds shall be redeemed only in inverse order of maturity and number beginning with the highest numbered bond.

PAYMENT

Both principal and interest are payable in lawful money of the United States and (except for interest on fully registered bonds which is paid to the registered owner by check or draft mailed to the registered owner) are payable at the office of the Treasurer of the County of Los Angeles, in The City of Los Angeles, State of California, or at the Corporate Trust Department, Wells Fargo Bank, N.A., Los Angeles, California, or Corporate Trust Department, Wells Fargo Bank, N.A., San Francisco, California, or Corporate Trust Administration, Bankers Trust Company, New York City, New York, or Corporate Securities Section, Harris Bank, Chicago, Illinois, at the option of the holder.

REGISTRATION

The bonds will be issued as coupon bonds registrable only as to both principal and interest. The bonds may be registered by exchanging the same for fully registered bonds, and fully registered bonds may be exchanged in whole for coupon bonds or in part for coupon bonds and the balance for fully registered bonds. Transfer of ownership of fully registered bonds shall be made by exchanging the same for new fully registered bonds.

LEGAL OPINION

The legal opinion of O'Melveny & Myers, bond counsel, attesting to the validity of the bonds, will be supplied to the original purchasers of the bonds without charge. A copy of such opinion certified by the Clerk of the Board of Supervisors, by his facsimile signature, will be printed on the back of each bond without cost to the successful bidder.

The statements of law and legal conclusions set forth herein under the sections titled "The Bonds", excepting the material under the heading "Estimated Debt Service," have been reviewed by bond counsel. Bond counsel's employment is limited to a review of the legal proceedings required for authorization of the bonds and to rendering an opinion as to the validity of the bonds and the exemption of interest on the bonds from income taxation. The opinion of bond counsel will not consider or extend to any documents, agreements, representations, offering circulars, or other material of any kind concerning the bonds not mentioned in this paragraph.

TAX EXEMPT STATUS

In the opinion of Bond Counsel, interest on the bonds is exempt from all present Federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

CHANGE IN TAX EXEMPT STATUS

At any time before the bonds are tendered for delivery the successful bidder may disaffirm and withdraw the proposal if the interest received by private holders from bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable by the terms of any federal income tax law enacted subsequent to the date of the Notice Inviting Bids.

LEGALITY FOR INVESTMENT

The bonds are legal investments in California for all trust funds and for funds of all insurance companies, commercial and savings banks, trust companies, and for State school funds, and are eligible as security for deposits of public monies in California.

SECURITY

The bonds are general obligations of the Walnut Valley Unified School District, and the Board of Supervisors of Los Angeles County has the power and is obligated to levy ad valorem taxes for payment of the bonds and the interest thereon upon all property within the District, subject to taxation by the District (except certain personal property which is taxable at limited rates), without limitation as to rate or amount. (See section entitled "Tax Limitation Ballot Proposals" on page 5.)

NO LITIGATION

At the time of payment for and delivery of said Bonds, the successful bidder will be furnished with a certificate that there is no litigation pending affecting the validity of the Bonds.

In the case of Serrano v. Priest, Case No. L.A. 30398, the California Supreme Court on December 30, 1976, affirmed a Judgment of the Superior Court of Los Angeles County, entered September 3, 1974, declaring that California's system of financing its public schools violates equal-protection-of-the-laws provisions of the California Constitution.

The affirmed Judgment of the Superior Court also provides: that the Judgment is not intended to invalidate, and shall not be construed as invalidating in any way, any past acts constituting the operation of the School Financing System; that the existing School Financing System shall continue to operate for a reasonable length of time so that a constitutional system can be designed, enacted into law, and placed into operation; that any redesign of the School Financing System which provides for the elimination of unconstitutional features on a gradual basis must be such that the redesigned School Financing System will be fully constitutional no later than six years from date of entry of the Judgment, and that otherwise there will be a denial to the plaintiffs of their constitutional rights for an unreasonable length of time; and that the Trial Court is retaining jurisdiction so that any of the parties may apply for appropriate relief in the event that relevant circumstances

develop, such as a failure by the legislative and executive branches to take the necessary steps to design, enact into law, and place into operation, within a reasonable time from entry of the Judgment, a fully constitutional system. The legislature has enacted Chapter 894 as an urgency measure in September 1977 in part as a response to the Serrano case. The legislation does not affect the tax rates for debt service on outstanding or the currently offered bonds.

PURPOSE OF ISSUE

Proceeds from the sale of the \$3,200,000 principal amount of the 1978, Series A bonds will be used for authorized school purposes as described in greater detail in "The Improvement Program" section of this Official Statement.

TAX LIMITATION BALLOT PROPOSALS

Jarvis/Gann Initiative

A proposed initiative constitutional amendment to the California Constitution entitled "Property Tax Limitation Initiative Constitutional Amendment" will be submitted to the voters of the State of California at the June 6, 1978 statewide election (Proposition 13). The text of the initiative is as follows:

"Section I.

- (a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.
- (b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

- (a) The full cash value means the County Assessors valuation of real property as shown on the 1975-76 tax bill under 'full cash value', or thereafter, the approved value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 tax levels may be reassessed to reflect that valuation.
- (b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not

less than two-thirds of all members elected to each of the two houses of the legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties, and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any action, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

A summary of the Jarvis/Gann Initiative as prepared by the Office of the State Attorney General is as follows:

"PROPERTY TAX LIMITATION INITIATIVE CONSTITUTIONAL AMENDMENT.

Limited ad valorem taxes on real property to 1% of the value except to pay indebtedness previously approved by voters. Establishes 1975-76 assessed valuation as base value of property for tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires 2/3 vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes specified local entities to impose special taxes except ad valorem, sales and transaction taxes on real property. Financial Impact: Would result in the loss of local property tax revenues of \$7 billion to \$8 billion annually and a reduction in state costs of about \$700 million in 1978-79 and \$800 million annually thereafter."

On February 7, 1978, a suit seeking to remove the Jarvis/Gann Initiative from the June 6, 1978 ballot was filed in the Superior Court of the State of California for the County of Sacramento. On February 15, 1978, the Court refused to remove the initiative from the ballot, but did order certain modifications to the above quoted summary of the initiative prepared by the Attorney General relative to the description of the subject matter of the initiative in the heading of the summary. No prediction as to the outcome of this litigation can be made at this time. On March 2, 1978, the California Supreme Court refused to hear arguments by petitioners directed to the Supreme Court to expedite matters.

The District can neither predict whether or not the initiative will be approved by the voters nor whether or not the validity of the initiative will, if thereafter challenged, be upheld, in whole or in part, by the courts.

If approved by the voters, the measure could have an adverse impact on the expenses of operation of the District in that the future tax rate of the District could be reduced and future increases in assessed valuation could be substantially limited, thereby reducing the amount of tax revenues otherwise potentially available to the District to meet expenses of operation.

The Initiative provides that the limitation on ad valorem taxes or assessments on real property to 1% of value does not apply to ad valorem taxes or assessments to pay indebtedness previously approved by the voters. Accordingly, since the bonds were approved by the voters of the District on March 5, 1974 and March 7, 1978, the District believes that if the Initiative is approved, it will not limit the District's ability to levy ad valorem assessments for the payment of the currently offered Bonds and the interest thereon.

Behr Bill

On March 3, the Governor of the State of California signed urgency legislation S.B. No. 1 (commonly known as the "Behr Bill") which provides an alternative approach to property tax relief in place of the Jarvis/Gann Initiative Amendment. The Behr Bill is Chapter 24 of the current 1977-78 regular session of the Legislature and takes effect immediately as an urgency statute; however, the bill specifies various operative dates for its provisions.

The Legislative Counsel's Digest for the bill as finally adopted is as follows:

Legislative Counsel's Digest

Under existing law, all taxable property on the secured roll is subject to taxation at the same rate, while property on the unsecured roll is subject to taxation at the rate applied to the secured roll for the prior fiscal year, and the first \$7,000 of the full value of an owner-occupied dwelling is exempted from taxation.

This bill would provide for the taxation of owner-occupied dwellings at a different rate than other taxable property.

Existing law limits the maximum property tax rate which may be levied by local agencies.

This bill would revise the method of computing maximum property tax rates so that local agencies shall receive a specified amount of tax revenues, reduced by certain reduced costs of specified social service programs.

Existing law authorizes a \$37 credit against taxes due under the Personal Income Tax Law for qualified renters. If the amount of the credit exceeds income tax liability, the excess is paid to the claimant.

This bill would change the amount of the credit or payment to \$75, commencing with taxable years beginning on and after January 1, 1978.

Under existing law, payments of state funds are made to homeowners and renters 62 years of age or older on the basis of a percentage (determined by total household income) of property taxes paid by homeowners or the statutory property tax equivalent presumed to be paid by renters.

This bill would revise the schedule of benefits payable to homeowners and renters.

Existing law does not limit the amount of revenues collected by the State of California.

This bill would set a state revenue limit which is increased annually by the percentage increase in California Personal Income multiplied by a revenue elasticity factor.

Under existing law, counties are required to pay a specified share of the costs of the Supplementary Program for the aged, blind and disabled and specified Medi-Cal programs.

This bill would alter counties' shares of such programs according to a formula.

This bill would become operative only if Proposition 8 on the ballot for the June 6, 1978 election is approved by the voters and Proposition 13 on such ballot is rejected by the voters, or is declared unconstitutional by the courts.

The bill would take effect immediately as an urgency statute, but would specify various operative dates for its provisions.

The main effect of the Behr Bill is a reduction in the rate of taxation on owner-occupied dwellings as compared to other taxable property. The Behr Bill adds Sections 2350 to 2355 to the Revenue and Taxation Code which provide for a reduction of approximately 30% in the total ad valorem property tax rate which would apply to owner-occupied dwellings. Said Section 2355 provides further that the State Controller shall reimburse each County Auditor for the amount of revenue loss by each taxing agency due to the tax rate reductions from State funds and the section provides the County Auditor shall allocate the reimbursement to local agencies as though the amounts had been paid by the taxpayers.

While the Behr Bill provides a lesser amount of direct property tax relief, it does provide alternative sources of funding local government losses, primarily through state reimbursement programs. However, the bill also contains various revenue limitation provisions (which in part continue existing limitations) which could affect the ability of local government, including the District to raise revenues, sufficient to meet the District's expenses of operation.

The Behr Bill will become law in its entirety only if (1) Proposition 8 (see below) is approved by the voters at the June 6 statewide election, and (2) the Jarvis/Gann Initiative is defeated or declared unconstitutional by the courts.

Proposition No. 8

Also appearing on the June 6, 1978 ballot as Proposition No. 8 thereon is California Senate Constitutional Amendment No. 6. The proposed amendment would add Section 9.5 to Article XIII of the California Constitution to read as follows:

"PROPERTY TAXATION - OWNER OCCUPIED DWELLINGS CONSTITUTIONAL AMENDMENT

Section 9.5. The Legislature may provide for the taxation of owner occupied dwellings, as defined by the Legislature, or any fraction of the value thereof, at a rate lower than that levied on other property. In no event may the tax rate levied on other property be increased as a result of lowering the tax rate levied on owner occupied dwellings."

The Legislative Counsel's Digest of this proposed amendment as found in Resolution Chapter 85 of the 1977-78 Regular Session of the California Legislature is reprinted below.

"The existing Constitution provides that all property is taxable at the same percentage of fair value.

This measure would allow Legislature to provide for the taxation of owner occupied dwellings, or any fraction of the value thereof, at a lower rate than that levied on other property, but would prohibit an increase in the tax rate on other property as a result of lowering the tax rate on owner occupied dwellings. The Legislature would be authorized to define 'dwellings'."

The Behr Bill contains language which is specifically intended to satisfy the second sentence of the proposed Constitutional Amendment. Section 44 of Chapter 24 of the 1978 statutes (Behr Bill) provides:

"SEC. 44. (a) It is the intent of the Legislature in enacting Section 2261 of the Revenue and Taxation Code that the provisions of such section are compatible with the provisions of Section 9.5 of Article XIII of the State Constitution, as added by Proposition 8 on the ballot for the statewide election on June 6, 1978. The Legislature intends that the provision of Section 9.5 requiring 'in no event may the tax rate levied on other property be increased as a result of lowering the tax rate on owner-occupied dwellings' is fulfilled by the provision of Section 2261, which prevents the tax rate on property other than owner-occupied dwellings from increasing over the prior year's tax rate for such property when the tax rate on owner-occupied dwellings is reduced below the tax rate on such dwellings for the prior year.

(b) It is the intent of the Legislature, in enacting Article 10 (commencing with Section 2350) of Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code, that the tax rate reductions for owner-occupied dwellings provided in that article comply with the provisions of Section 9.5 of Article XIII of the State Constitution, as added by Senate Constitutional Amendment No. 6 of the 1977/78 Regular Session of the Legislature, because the state directly reimburses local governments for revenue losses resulting from that article, and no shift of tax burden to other property is involved or permitted."

ESTIMATED DEBT SERVICE

Table 1 presents a schedule of estimated annual debt service for the Bonds currently being offered for sale at a 6-1/2 percent net interest rate and actual debt service on prior outstanding District bonds.

TABLE 1

WALNUT VALLEY UNIFIED SCHOOL DISTRICT
ESTIMATED ANNUAL BOND SERVICE
\$3,200,000 1978, SERIES A AND PRIOR DEBT SERVICE

Year Ending	\$3,200,000 1978, Series A Bonds (1)						Estimated Grand Total Bond Service
	Principal Outstanding July 1	Interest Payable December 1 (2)	Interest Payable June 1 (2)	Principal Maturing June 1	Estimated Bond Service	Prior (3) Bond Service	
1978/79	\$3,200,000	\$ -	\$ 208,000.00	\$ 25,000	\$ 233,000	\$ 628,443.37	\$ 861,443.37
1979/80	3,175,000	103,187.50	103,187.50	100,000	306,375	639,257.25	945,632.25
1980/81	3,075,000	99,937.50	99,937.50	125,000	324,875	653,370.56	978,245.56
1981/82	2,950,000	95,875.00	95,875.00	200,000	391,750	647,322.15	1,039,072.15
1982/83	2,750,000	89,375.00	89,375.00	225,000	403,750	670,711.38	1,074,461.38
1983/84	2,525,000	82,062.50	82,062.50	100,000	264,125	670,529.61	934,654.61
1984/85	2,425,000	78,812.50	78,812.50	125,000	282,625	687,651.58	970,276.58
1985/86	2,300,000	74,750.00	74,750.00	125,000	274,500	680,637.21	955,137.21
1986/87	2,175,000	70,687.50	70,687.50	125,000	266,375	682,599.37	948,974.37
1987/88	2,050,000	66,625.00	66,625.00	125,000	258,250	678,221.01	936,471.01
1988/89	1,925,000	62,562.50	62,562.50	150,000	275,125	650,188.58	925,313.58
1989/90	1,775,000	57,687.50	57,687.50	150,000	265,375	637,754.71	903,129.71
1990/91	1,625,000	52,812.50	52,812.50	150,000	255,625	677,712.31	933,337.31
1991/92	1,475,000	47,937.50	47,937.50	175,000	270,875	640,258.57	911,133.57
1992/93	1,300,000	42,250.00	42,250.00	175,000	259,500	583,112.46	842,612.46
1993/94	1,125,000	36,562.50	36,562.50	200,000*	273,125	583,789.38	856,914.38
1994/95	925,000	30,062.50	30,062.50	200,000*	260,125	253,867.50	513,992.50
1995/96	725,000	23,562.50	23,562.50	225,000*	272,125	82,530.00	354,655.00
1996/97	500,000	16,250.00	16,250.00	250,000*	282,500	83,680.00	366,180.00
1997/98	250,000	8,125.00	8,125.00	250,000*	266,250	84,480.00	350,730.00
Total		\$1,139,125.00	\$1,347,125.00	\$3,200,000	\$5,686,250	\$10,916,117.00	\$16,602,367.00

* Callable on or after June 1, 1989. Bonds dated June 1, 1978.

(1) Source: 1978, Series A bond service estimation prepared
by Stone & Youngberg Municipal Financing Consultants, Inc.

(2) Interest estimated at 6-1/2 percent per annum.

(3) Source: Los Angeles County Auditor-Controller. Includes principal and interest on all prior
general obligation bond service requirements.

THE IMPROVEMENT PROGRAM

The Walnut Valley Unified School District was formed in 1970 and contains the same geographical boundaries as the former Walnut Elementary School District. The facilities of the District include six elementary schools, two intermediate schools, one high school and one continuation high school.

Under state law, local school districts in California may qualify for state apportionments from the School Building Aid Fund to assist in the acquisition of sites and the construction and furnishing of school facilities. Participation in this state loan program must be authorized by the local school district's electorate. On March 7, 1978, voters of the Walnut Valley Unified School District authorized an additional State Building Aid participation in the amount of \$22,000,000. Prior authorizations aggregating \$16,530,000 were approved by voters in the Walnut Elementary District in 1955, 1962, 1963, 1964 and 1967 and the Unified District in 1970. Accordingly, the total voter approved State Building Aid participation is \$38,530,000, of which \$12,802,172 has been approved by the state, leaving an entitlement balance of \$25,727,828. The use of the bond proceeds will, pursuant to Education Code (Section 16058), entitle the District to receive future State School Building Aid Funds. These apportionments would be used to supplement District funds for projects such as the Diamond Bar High School now in the planning stage.

The District states the bond proceeds are planned to be used as follows:

New elementary school	\$2,900,000
Four relocatable classrooms	210,000
Contingencies	<u>90,000</u>
Total	\$3,200,000

The District has submitted a construction application to the State Allocation Board for an apportionment of funds to assist in the financing of the first increment of a new Diamond Bar High School. The total proposed construction of facilities under the above described authorizations includes a new high school, additional elementary schools and school sites. The construction schedule will be coordinated with enrollment growth and is expected to be accomplished by fiscal year 1981/82.

DISTRICT ORGANIZATION AND FINANCIAL DATA

The Walnut Valley Unified School District provides educational services from kindergarten through high school to residents of an area encompassing 21.5 square miles that includes most of the City of Walnut, portions of the Cities of Industry and West Covina, and adjoining unincorporated areas, principally the community of Diamond Bar.

At an election held on March 11, 1969 the District, with the same boundaries as the former Walnut School District, was authorized to be established effective July 1, 1970. Prior to that date instruction in the secondary grades was provided by the former La Puente Union High School District.

The District is governed by an independent Board of Trustees of five members who are elected at large for overlapping four-year terms. The District's affairs have been administered by Dr. David L. Brown, the Superintendent, since August 1, 1972. Dr. Brown has been engaged in the field of education for over 25 years.

FACILITIES AND ATTENDANCE

District facilities include 6 elementary schools, 2 intermediate schools, a high school and a continuation high school. The District's staff includes 291 certificated, 106 classified, 20 administrative personnel and 175 part-time employees. The District's enrollment as of October 1977 was 7,055.

Table 2 shows District assessed valuations, average daily attendance, and assessed valuation per student in average daily attendance over the past five years. During this five-year period, the District's assessed valuation increased approximately 127.2 percent and assessed valuations per unit of average daily attendance increased approximately 68.6 percent. Average daily attendance over the past five years has increased 34.7 percent, from 5,562 in 1973/74 to an estimated 7,494 in 1977/78.

Table 2
WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Assessed Valuation and Average Daily Attendance

Fiscal Year	Assessed Valuation (1)	Average Daily Attendance	Assessed Valuation Per Unit of Average Daily Attendance
1973/74	\$ 47,283,455	5,562	\$ 8,501
1974/75	52,768,965	5,992	8,807
1975/76	58,169,319	6,315	9,211
1976/77	65,230,654	6,742	9,675
1977/78	107,428,012	7,494 (2)	14,335

(1) Includes state-reimbursed exemptions.

(2) Estimated during the period September 1977 through June 1978.

Source: Walnut Valley Unified School District.

ASSESSED VALUATIONS

The Los Angeles County Assessor assesses property for District tax purposes. The State Board of Equalization reports the 1977/78 Los Angeles County valuations average 21.3 percent of full market value, except for public utility property, which is currently assessed by the State at 25 percent of full value.

Under California State Law, two types of exemptions of property from ad valorem taxes became effective in the 1969/70 fiscal year. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Under a recently enacted Constitutional Amendment, the California legislature can raise this exemption. Revenue estimated to be lost to each taxing entity as a result of such exemptions is reimbursed to the taxing entity from state funds. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions, without allowance for delinquencies.

The District's 1977/78 assessed valuation is \$107,428,012, including the reimbursable exemptions noted above. This is approximately 65 percent greater than the 1976/77 assessed valuation, reflecting in part the high rate of residential construction completed since the previous lien date. Table 3 presents the District's assessed valuation by individual years for the most recent five-year period.

Table 3
WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Assessed Valuation by Tax Roll

Roll	1973/74	1974/75	1975/76	1976/77	1977/78
Secured	\$36,759,175	\$40,899,835	\$44,226,260	\$49,597,085	\$ 89,551,015
Utility	3,411,830	3,807,230	4,057,020	4,483,930	5,350,010
Unsecured	1,515,305	1,679,345	2,450,639	2,732,784	3,096,587
Net Taxable	<u>\$41,686,310</u>	<u>\$46,386,410</u>	<u>\$50,733,919</u>	<u>\$56,813,799</u>	<u>\$ 97,997,612</u>
Homeowners					
Exemptions	5,336,420	6,020,185	6,912,940	7,837,115	8,733,550
Business Inventory					
Exemptions	<u>260,725</u>	<u>362,370</u>	<u>522,460</u>	<u>579,740</u>	<u>696,850</u>
Assessed Valuation for Revenue Purposes	\$47,283,455	\$52,768,965	\$58,169,319	\$65,230,654	\$107,428,012 (1)

(1) Includes \$1,686,105 of incremental assessed valuation for a redevelopment project in the City of Industry. Taxes levied upon such valuation are not available to the District.

Source: County Auditor-Controller.

REVENUE LIMITATIONS

Since 1973/74, California school districts have operated under general purpose property tax revenue limitations established in legislation adopted in 1973. This legislation, however, does not impose a maximum property tax rate for the purpose of meeting general obligation bond service payments. The Board of Supervisors of Los Angeles County is required to levy ad valorem taxes without limit as to rate or amount to meet general obligation debt service of the District.

Since 1973/74 allowable annual tax rates to be applied to a district's assessed valuation have been derived from a statutory formula which takes into account a number of factors including adjustments for inflation, limited mandatory contributions to the Teachers' Retirement System, basic state aid, state equalization aid, changes in average daily attendance, and prior years' tax collections. The tax required to raise the general purpose monies is the District's maximum general purpose tax rate (see Table 4).

The District's revenue limit per unit of average daily attendance and general purpose tax rate actually levied in 1976/77 were \$1,170.12 and \$4.5714 per \$100 assessed valuation, respectively.

In 1977/78, the revenue limit per unit of average daily attendance is \$1,276.02 with a general purpose tax rate of \$4.6404 per \$100 of assessed valuation.

TAX RATES

Table 4 shows the Walnut Valley Unified School District tax rate for the past five-year period. The District's total tax rate during this period ranged from \$5.6580 to \$4.9260 per \$100 assessed valuation.

Table 4
WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Tax Rate Distribution by Purpose

Purpose	1973/74	1974/75	1975/76	1976/77	1977/78
General Purposes	\$4.0139	\$3.9034	\$4.6303	\$4.5714	\$4.6404
State School Loan					
Repayment	.2130	.0829	.1110	.1504	.3283
Payment to Original					
District	.1855	.1620	.1455	.1253	.0853
Meals for Needy Pupils	.0003	.0021	.0017	-	.0179
Community Services	.1000	.0993	.1000	.0998	.0993
Development Center					
for Handicapped	.0152	.0342	.0105	.0387	.0203
Total General	<u>\$4.5279</u>	<u>\$4.2839</u>	<u>\$4.9990</u>	<u>\$4.9856</u>	<u>\$5.1915</u>
Bond Interest					
and Redemption	.2814	.4141	.4667	.4029	.3547
Property Use Trust Fund	.2411	.2280	.1794	.1877	.1118
Total Rate	<u>\$5.0504</u>	<u>\$4.9260</u>	<u>\$5.6451</u>	<u>\$5.5762</u>	<u>\$5.6580</u>

Source: County Auditor-Controller.

There are 65 tax code areas in the District. In the 1977/78 tax year, total tax rates in these various code areas range from \$11.8103 to \$15.4263 per \$100 assessed valuation. Tax Code Areas 9315 and 9438 are the largest code areas in incorporated and unincorporated areas, respectively, on the basis of assessed valuations. All tax rates for the 1977/78 tax year in these two code areas are shown in Table 5.

Table 5
REPRESENTATIVE TAX RATES
Selected Tax Rate Areas For Fiscal Year 1977/78

	9315	9438
Walnut City Tax District #1	\$ 1.4853	-
Los Angeles County General	4.2544	4.2544
Walnut Valley Unified School District	5.7031 (1)	5.7031 (1)
Mt. San Antonio Community College District	.7494	.7494
Other Education	.2372	.2372
County Library	-	.2488
Walnut Valley Water District	.5768	2.2786
Los Angeles County Flood Control	.3265	.3265
County Lighting Maintenance District	.2405	.2582
Consolidated Sewer Maintenance District	.0688	.0688
County Sanitation District #21	.2239	.2239
Metropolitan Water District	.1400	.1400
Pomona Valley Municipal Water District	.0790	.0790
Special Road District #1	-	.0667
Consolidated Fire Protection District of Los Angeles County	-	.7865
Southeast Mosquito Abatement District	-	.0052
Total	\$14.0849	\$15.4263

(1) Includes \$.0654 for Childrens' Institution Tuition Tax and excludes \$.0203 for Development Center for Handicapped Pupils, which accounts for the variance from the \$5.6580 tax rate for 1977/78 shown in Table 4 (i.e., \$5.6580 plus \$.0654 minus \$.0203 equals \$5.7031).

Source: Los Angeles County Tax Collector.

TAX LEVIES, COLLECTIONS, AND DELINQUENCIES

School District secured taxes appear on the same tax bill as County and City taxes, are payable in equal installments on November 1 and February 1, and become delinquent on December 10 and April 10 respectively. Taxes on properties appearing on the unsecured roll are assessed on March 1 and become delinquent the following August 31. Table 6 summarizes the general purpose secured tax levies and the amount and percentage of the levy delinquent as of June 30 for the past five fiscal years in the District's tax code areas, plus prior year collections for each year.

Table 6
WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Tax Collections and Delinquencies

Year Ending June 30	Current Tax Year			Prior Year Collections	Total Percent Collected (2)
	Secured Tax Levy	Amount Delinquent	Percent Delinquent		
1973	\$2,221,516	\$137,581	6.2%	\$ 79,285	97.4%
1974	2,065,959 (1)	26,852	3.7	117,869	101.2
1975	1,800,670	41,651	2.3	163,405	106.8
1976	2,253,763	47,332	2.1	110,878	102.8
1977	3,106,699	100,381	3.2	151,056	101.6

(1) State-reimbursed homeowners exemption increased from \$750 to \$1,750, reducing tax levy.

(2) Percent of current levy. Includes penalties and interest.

Source: County Auditor-Controller and District financial reports (prior year collections).

LARGE TAXPAYERS

Data concerning large taxpayers in the District are not compiled by the County of Los Angeles. The assessment roll for the District is divided between the West Covina and Whittier regional offices of the County Assessor. Based on conversations with appraisers in these two offices and with local realtors, the Walnut Valley Area Chamber of Commerce, and officials of the local water district, it appears that the following organizations are major taxpayers in the District.

- Umark Inc. (land holdings)
- J. F. Shea Co., Inc. (heavy construction and development properties)
- Arciero Bros., Inc. (land holdings)
- Union Pacific Co. (railroad and industrial properties)
- Southern Pacific Co. (railroad and industrial properties)
- Norris Industries (manufacturing properties)
- Iodent Chemical Co. (manufacturing properties)
- Vogel Properties Inc. (industrial and commercial properties)
- Meyer Industrial Properties (industrial properties)

Transamerica Corporation, by virtue of its real properties and development activities at Diamond Bar, still ranks among the District's large taxpayers. However, it is gradually liquidating holdings. This San Francisco-based firm has extensive diversified operations, including various types of rentals and leasing, entertainment (United Artists), broad financing and insurance coverage, moving and storage, and computer services.

GENERAL FUND INCOME AND EXPENDITURES

Table 7 presents a five-year summary of income and expenditures of the Walnut Valley Unified School District as reported in annual audits and financial reports of the District. Also included in Table 7 is the annual revised expenditure budget and the variation of these budgets to actual expenditures.

Table 7
WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Summary of General Fund Income and Expenditures

	Fiscal Year				
	1971/72	1972/73	1973/74	1974/75	1975/76
Beginning Balance July 1	\$ 593,179	\$ 555,836	\$ 425,976	\$ 395,758	\$ 360,467
Adjustment to Beginning Balance	(38,564)	334	(11,012)	9,739	(73,166)
Net Beginning Balance	\$ 554,615	\$ 556,170	\$ 414,964	\$ 405,497	\$ 287,301
Income:					
Federal Sources	\$ 108,029	\$ 129,249	\$ 124,728	\$ 202,750	\$ 255,066
State Sources	1,930,480	2,164,543	3,623,617	4,087,175	5,059,351
County Sources	18,050	15,700	17,392	11,681	7,095
Local Sources	2,286,594	2,304,301	2,009,316	2,241,978	2,518,168
Incoming Transfers	3,410	27	113	25,011	---
Subtotal	\$4,346,563	\$4,613,820	\$5,775,166	\$6,568,595	\$7,839,680
Total Income Available	\$4,901,178	\$5,169,990	\$6,190,130	\$6,974,092	\$8,126,981
Expenditures: (1)					
Certificated Salaries				\$3,823,804	\$4,252,499
Classified Salaries				1,165,578	1,272,892
Employee Benefits				585,321	719,037
Books, Supplies, Equipment					
Replacement				335,150	435,858
Contracted Services				413,393	510,693
Administration	\$ 183,886	\$ 181,141	\$ 240,387		
Instruction	2,949,000	3,173,919	3,650,714		
Health Services	41,825	44,649	51,324		
Pupil Transportation	117,869	131,695	156,379		
Operation of Plant	411,681	426,387	489,072		
Maintenance of Plant	82,596	96,238	135,244		
Fixed Charges	279,900	367,843	527,645		
Food Services	279	343	872		
Community Services	55,676	62,275	62,149		
Capital Outlay	72,549	92,646	142,009	114,516	87,414
Debt Service - State Building Aid	43,797	38,340	82,236	62,550	61,437
Debt Service - Payment to					
Original District	86,220	93,840	89,227	86,014	83,588
Outgoing Transfers	20,064	34,699	167,114	27,299	43,833
Total Expenditures	\$4,345,342	\$4,744,015	\$5,794,372	\$6,613,625	\$7,467,251
Revised Budget Expenditures	4,453,527	4,838,469	5,939,432	6,636,228	7,574,395
Variance to Actual Expenditures	108,185	94,454	145,060	22,603	107,144
Ending Balance June 30	\$ 555,836	\$ 425,976	\$ 395,758	\$ 360,467	\$ 659,730

(1) Beginning in 1974/75 all school districts in the State of California were required to follow accounting and financial reporting procedures in accordance with revenue source categories and classification object code prescribed by the California State Accounting Manual. Certain expenditures items in 1974/75 and 1975/76 cannot, therefore, be directly compared with prior years.

Source: District audit reports for individual years.

FUND BALANCES

The tabulation below presents the audited surplus balances in all District funds as of June 30 for the most recent five fiscal years.

WALNUT VALLEY UNIFIED SCHOOL DISTRICT Fund Balances as of June 30

Fund	1973	1974	1975	1976	1977
General Fund	\$425,976	\$395,758	\$ 360,467	\$659,730	\$ 798,376
Bond Int. & Redemption Fund	60,482	58,165	155,390	127,237	134,272
Capital Outlay Funds	250,337	307,568	1,439,505	524,666	1,875,457
Cafeteria Account	9,812	5,932	10,431	13,324	10,096
Student Body Account-Elementary	1,755	1,674	3,831	5,696	3,214
Student Body Account-Senior	18,702	20,423	26,424	23,696	27,666

Source: District audit reports.

The tabulations in Table 8 show a summary of the District's 1976/77 actual income and expenditures as shown in the annual audit report, and a summary of the District's 1977/78 general fund budget as shown in the annual budget report.

Table 8 WALNUT VALLEY UNIFIED SCHOOL DISTRICT General Fund Income and Expenditures

	1976/77 (1) Actual	1977/78 (2) Budget
<u>Income:</u>		
Adjusted Net Beginning Balance	\$ 599,593	\$ 812,772
Federal Income	282,216	266,632
State Income	6,018,608	5,521,734
County Income	6,679	8,256
Local Income	2,808,510	5,418,968
Incoming Transfer	9,833	---
Total Available Income	\$9,725,439	\$12,028,362
<u>Expenditures</u>		
Certificated Salaries	\$4,961,315	\$ 5,983,370
Classified Salaries	1,502,808	1,697,974
Employee Benefits	932,522	1,246,580
Books, Supplies and Equipment Replacement	497,440	593,005
Contracted Services and Other Operating Expenses	621,366	891,613
Sites, Buildings, Books, Media and New Equipment	125,670	215,288
Other Outgo, including School Building Apportionment	285,942 (3)	553,971
Appropriation for Contingencies	---	293,752
Total Expenditures and Outgo	\$8,927,063	\$11,475,553
<u>Ending Balance</u>	\$ 798,376	\$ 552,809

(1) District Audit Report.

(2) Annual Budget Report (Form J-41), July 1, 1977 to June 30, 1978, adopted by the Governing Board of Walnut Valley Unified School District on August 1, 1977.

(3) Includes: Debt Service - State Building aid \$93,850 - Payment to original District \$85,647; Outgoing tuitions \$77,487; Interfund Transfers \$28,958.

LEASE PAYMENTS

The District has lease and lease-purchase arrangements for various facilities, according to the schedule appearing below.

Facility	Annual Rent	Nature	Termination
Business Office Building	\$ 2,750	Lease	10/14/78
8-Trailer Administration Complex	13,000	Lease	6/30/78
Weight Lifting Building	7,608	Lease	7/31/78
Del Paso Continuation High School	17,208	Lease	6/30/78
Portable Classrooms	35,591	Lease	8/31/80
Two Buses	31,776	Lease-Purchase	7/80

DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT

The District's general obligation bonding capacity is equal to 10 percent of its assessed valuation before the deduction of business inventories and homeowners exemptions, as adjusted by the Collier Factor. The Collier Factor is a comparison of a county's assessment level with the state-wide average ratio. The factor is used to offset differences in assessment levels for intercounty school districts and conforms assessment to the statewide average assessment level for all property. The District's bonding capacity as reported by the Los Angeles County Auditor-Controller is \$10,620,307. Upon delivery of the 1978 Series A Bonds currently being offered, the District's general obligation bonded debt will be \$10,193,161. Table 9 is a statement of direct and estimated overlapping bonded debt of the District as of May 23, 1978.

As of June 30, 1977, the District's State School Building Aid loans repayable amounted to \$15,946,405 (former La Puente Union High School District \$3,314,285, former Walnut School District \$139,550, and Walnut Valley Unified School District \$12,492,570.)

Component District Bonded Debt amounted to \$1,792,229 at June 30, 1977 (former La Puente Union High School District pro rata \$883,229, and former Walnut School District \$909,000). Annual bond and interest redemption of the component district bonded debt is financed through the levy of an annual charge for use of property of component districts. For 1976/77 this charge was \$85,647.

The District's share of authorized unsold bonds is:

Los Angeles County	\$ 139,200
Los Angeles County Flood Control District	126,098
Metropolitan Water District	770,150
Walnut Valley Unified School District	7,634,000

Table 9
WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Statement of Direct and Estimated Overlapping Bonded Debt (1)

	Estimated population	23,000	
	Assessed valuation	\$105,741,907 (2)	
	Estimated real value	\$492,723,500 (3)	

Public Entity	Percent Applicable	Estimated Debt Applicable May 23, 1978
Los Angeles County	0.348%	\$ 54,128 (4)
Los Angeles County Building Authorities	0.348	763,504
Los Angeles Flood Control District	0.391	1,770,226
Metropolitan Water District	0.211	1,112,230 (5)
Sanitation District #21	11.361	170,415
Walnut Valley Unified School District	100.00	10,193,161 (6)
Walnut Valley Water District	45.410	499,510
Walnut Valley Water District ID #2 & 3	100.-46.924	3,082,828
City of Industry	1.805	984,447
City of West Covina Authorities	1.211	136,299
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		\$18,766,747

	Ratio To		
	Assessed Valuation	Real Value	Per Capita
Assessed valuation	-	-	\$4,598
Direct debt	9.64%	2.07	\$ 443
Direct and estimated overlapping bonded debt	17.75%	3.81%	\$ 816

- (1) Compiled in cooperation with California Municipal Statistics, Inc.
- (2) The 1977/78 assessed valuation includes \$9,430,400 homeowners' and business inventory exemptions, the taxes on which are paid by the State of California. Does not include \$1,686,105 of incremental assessed valuation for a redevelopment project in the City of Industry, the taxes on which are not available to the District (see footnote Table 3).
- (3) State Board of Equalization reports that 1977/78 Los Angeles County Assessed Valuations averaged 21.3 percent of full market value. Public utility property is assessed at 25 percent of full market value.
- (4) Excludes share of \$255,293,877 of County lease-purchase obligations (\$888,423).
- (5) Excludes advance refunding bonds.
- (6) Includes \$3,200,000 to be sold on May 23, 1978.

EMPLOYER-EMPLOYEE RELATIONS

Certificated personnel of the Walnut Valley Unified School District are members of the recognized professional organization of the Walnut Valley Educators Association (California Teachers Association Affiliate). The District has negotiated employment contracts through June 30, 1979 with the Walnut Valley Educators Association. Classified employees are represented by the California School Employees Association. The District has negotiated employment contracts through December 31, 1979 with the California School Employees Association.

Effective July 1, 1976, provisions of the Rodda Act codified as Chapter 961 of the 1975 Statutes affects all school districts in California. In case of labor disputes, local grievance procedures may be operative (if established by contract), or both parties may agree to submit grievances to final and binding arbitration pursuant to rules adopted by the Educational Employment Relations Board, which administers the Act. The Act's provisions with respect to the rights, obligations, and unfair practices applicable to management and labor became effective April 1, 1976.

PENSION PLANS

The District participates in the State of California Teachers' Retirement System (STRS). This plan covers basically all full-time certificated employees. The District's contribution to STRS for fiscal year 1976/77 amounted to \$303,850, which includes both current costs and backfunding.

The District also participates in the State of California Public Employees' Retirement System (PERS). This plan covers all classified personnel who are employed at least 50 percent of the workweek. The District's contribution to PERS for 1976/77 amounted to \$114,669, which includes both current costs and backfunding.

Both systems are operated on a statewide basis. Records are maintained in such a way that information relating to vested benefits, unfunded vested benefits, and prior service costs are not available for the District.

The State Teachers' Retirement System (STRS) operates under provisions of the State Education Code. The System includes California public teachers from preschool through grade fourteen and certain other employees of the public school system. There were approximately 334,200 active and inactive members, 72368 benefit recipients, and 1,149 participating agencies at June 30, 1977. Membership is mandatory for all certificated employees meeting the eligibility requirements.

The System is financed by earnings from investments and contributions from members, school districts, and the State of California, which pays \$144,300,000 annually to the year 2002, subject to annual legislative appropriation. Under present rules, members contribute eight percent of applicable earnings, and school districts contribute a percentage of applicable member earnings, rising to eight percent beginning July 1, 1978. However, under legislation enacted in 1977, new increased rates, effective July 1, 1979, would result in total contributions of 21 percent of payroll after a five-year period. The employer rate would increase to 10 percent, and the State of California would contribute three percent, with the employee rate remaining at eight percent.

At July 30, 1977, the total unfunded obligation of the System was \$9,894,721,919, as determined by the independent actuary. This includes the present value of future State contributions provided by the State Teachers' Retirement Law (\$1,666,000,000). Comparable figures for June 30, 1976 were \$9,420,709,989 and \$1,577,182,428, respectively. In the opinion of the Chief Executive Officer for STRS, the additional contributions referred to above, while helpful, will not solve the funding problem.

Actuarial valuations of the System are based upon the entry-age-normal cost method, which is a projected benefit cost method wherein level normal cost rates (contributions) are computed sufficient to fund benefits over the entire service life of members. The System's financial statements are prepared on the accrual basis of accounting.

The State Teachers' Retirement System's actuary is Milliman & Robertson, Inc., of San Francisco, California; Investment Counsel for equities is Scudder, Stevens & Clark, San Francisco, California; Auditor is Coopers & Lybrand, Sacramento, California.

State Public Employees' Retirement System. This system was originally established in 1931. As of June 30, 1977, there were 556,769 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are public agency personnel. As of June 30, 1977, the System provided retirement, death and survivor benefits under 980 contracts for about 1,900 public agency employers (cities, counties, school districts, and other public agencies) with 374,051 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Total assets of the System at June 30, 1976 were \$7,896,416,533 according to the annual audit. Of this amount, net assets of \$7,858,768,831 were available for benefits.

The annual contribution by employers for the 1975/76 fiscal year was \$598,526,949. The annual contribution by employees for the 1975/76 fiscal year was \$306,801,465.

The most recent actuarial valuation, performed by PERS, utilized census data as of June 30, 1976. The total unfunded obligation of the System was determined to be \$6,753,964,123. The method used was entry age normal cost, which is a projected benefit cost method wherein level employer normal cost rates, considering present member contributions, are calculated at amounts sufficient to fund benefits over the entire service life of members.

Except for the pooling of certain public agency miscellaneous members, actuarial evaluations are performed for each participating employer, and the total accrued actuarial liability noted above is the sum of the individual employer accounts. A program for implementation of necessary contribution rate increases has been established, calling for a series of annual increases until appropriate employer rates are achieved on or before July 1, 1979.

The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Coopers and Lybrand, Sacramento, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years. This function is now the responsibility of Management Applied Programming, Inc., Los Angeles, California.

ECONOMY OF THE DISTRICT

The Walnut Valley Unified School District covers 21.5 square miles in east central Los Angeles County, encompassing most of the City of Walnut, a small portion of the City of West Covina, a portion of the City of Industry, and certain unincorporated areas, principally the community of Diamond Bar. The latter is a planned community, a development of Transamerica Corporation. The center of the District is about 30 miles east of Los Angeles. Elevations range from 480 to 1,300 feet, and temperatures are moderate, with a mean daily average of 61.8 degrees and annual rainfall of 17.29 inches. The District's present population is estimated at 23,000 persons.

Both Walnut and Diamond Bar are predominately residential in character. That portion of the City of Industry within the District contains a number of small-to-medium size industrial firms, the largest of which is Norris Industries, a producer of plumbing ware employing 400. The main lines of Southern Pacific and Union Pacific and two state freeways traverse the District. Once important to the economic base of the area, agriculture is becoming less a factor in the generation of local revenues as residential development proceeds at a vigorous pace throughout the District.

The District lies in the heart of the East San Gabriel Valley, a region projected to have the greatest rate of industrial development and population gain in Los Angeles County over the next decade. Urban pressures and higher land values in Los Angeles and Orange County are assisting this boom.

POPULATION CHARACTERISTICS

The East San Gabriel Valley, which encompasses the District, experienced a 46.5 percent rise in population between 1960 and 1970, compared with a countywide gain of 16.4 percent. During this decade, the City of Walnut's population expanded more than 500 percent. The rate of population growth in Diamond Bar can be evaluated by reference to Statistical Area 26.142, utilized by the Los Angeles County Department of Regional Planning. This area, slightly larger than Diamond Bar, experienced a growth rate of 71 percent between the April 1970 U.S. Census and January 1, 1977. During the same period, the population of the City of Walnut increased about 62 percent. The following summary presents population data since 1960.

POPULATION GROWTH

	U.S. Census		Percent Change	1977 Estimate
	1960	1970		
Los Angeles County	6,038,771	7,032,075	16.4%	7,042,538 (2)
East San Gabriel Valley Division	403,182	590,755	46.5	N.A.
City of Walnut	934	5,992	541.5	9,689 (2)
Diamond Bar	(1)	12,234	N.A.	24,000 (3)

(1) Unincorporated area, not reported in 1960 Census.

(2) County Department of Regional Planning - January 1, 1977 estimate.

(3) The southern sector of Diamond Bar lies within Walnut Valley Unified School District. The above estimate pertains to the full community, and is based on population estimates by the Los Angeles County Department of Regional Planning.

U.S. CENSUS DATA

Following are social and economic characteristics of Walnut and Diamond Bar, as reported in the 1970 Census.

	<u>City of Walnut</u>	<u>Diamond Bar</u>
Median income	\$14,994	\$13,500
Mean income	\$15,237	\$13,253
Median home value	\$29,600	\$29,000
Median monthly rental	\$ 156	\$ 213
Median school years completed	12.8	12.6
Owner-occupied houses	77%	92%

The County Department of Regional Planning estimates that 94 percent of total housing units in the City of Walnut are single family homes. The corresponding figure for Diamond Bar is 86 percent based on a January 1, 1977 survey.

EMPLOYMENT

There are over 100,000 jobs within a 15-mile radius of the District, according to the Walnut Valley Area Chamber of Commerce. Within a 30-mile radius are the major industrial centers of the Los Angeles basin, including West Los Angeles, the San Fernando Valley, and the steel production and fabrication plants in Fontana and Vernon. To the south are the many electronic plants of Orange County.

The City of Industry has an estimated 550 employers and over 24,000 jobs. As its name implies, Industry is devoted almost exclusively to industrial production, assembly operations, warehousing, and distribution. There are ten square miles of land in the City of Industry zoned exclusively for industry, representing the largest reservoir of potential industrial growth in the Los Angeles basin. Relocation of firms to the community from more congested areas of the county continues to be an important factor in local industrial expansion. These trends reflect a developing employment base in the area which is expected to accommodate the District's increasing residential population.

Among the nationally known firms with substantial operations in City of Industry are Air Reduction Company, American Cyanamid, Burroughs Corporation, Carrier Air Conditioning Company, TRW Incorporated, Day and Night (now BDP Company), Diamond International, Flintkote, Formica Corporation, General Tire and Rubber, Georgia-Pacific, Textron, Masonite, Northrop Corporation, Purex Corporation, Dart Industries, Weyerhaeuser, and Wilson and Company.

Since incorporation of the City of Industry in 1957, aggregate payrolls have increased substantially, averaging an annual increase of 20 percent over the past decade, according to the Manufacturers' Council of the City of Industry. The number of firms in this industrial city has gone from 70 in 1960 to an estimated 550 at present. The listing of major employers on page 22 reflects the variety of business organizations now located in City of Industry and adjacent areas.

Largest employer within the District is Mt. San Antonio College, with combined day and evening faculty of more than 800, and 375 classified employees. Next largest employers are Walnut Valley Unified School District, Norris Industries (over 400 employees), a producer of fabricated metal products, and Soderberg Manufacturing Company, which employs 90 in the production of air-craft assemblies. The Diamond Bar Plaza shopping center employs an undetermined number in a variety of commercial establishments.

In view of the fact that the Orange Freeway (California 57) traverses the District, residents of the District can readily commute to fast-growing work centers in Orange County as well as the established employment centers of Los Angeles County. The Pomona Freeway, which joins the Orange Freeway in the District, provides convenient commuting for employed residents working in the Los Angeles area.

The District is situated in the Los Angeles-Long Beach Labor Market, which embraces all of Los Angeles County. In January 1978, the total civilian labor force in this labor market was 3,353,000 (which includes non-wage and salary employment), of whom 3,104,000 were employed. The unemployment rate of 7.4% was a distinct improvement over the 9.5% of January 1977. The composition of wage and salary employment by industry in this labor market is shown below. Over one-fourth of all wage and salary workers are in manufacturing, with durable goods plants employing almost two of every three industrial workers. Other leading categories of employment are services (21%) and retail trade (16%).

LOS ANGELES-LONG BEACH LABOR MARKET
WAGE AND SALARY EMPLOYMENT BY INDUSTRY

Industry	January 1978	January 1977	Percent Change
Agriculture, Forestry, Fisheries	9,200	6,900	33.3%
Mining	11,400	11,100	2.7
Construction	87,800	91,600	(4.2)
Manufacturing	824,600	790,500	4.3
Transportation, Utilities	183,100	174,600	4.9
Wholesale Trade	239,300	227,600	5.1
Retail Trade	513,400	492,700	4.2
Finance, Insurance, Real Estate	198,500	191,800	3.5
Services	699,500	666,700	4.9
Federal Government	67,500	66,600	1.4
State and Local Government	<u>428,600</u>	<u>413,700</u>	<u>3.6</u>
Total	3,262,900	3,133,800	4.1

Source: State Employment Development Department.

LARGEST EMPLOYERS
DISTRICT AND VICINITY
200 or More Employees

Company	Product/Service	No. of Employees
Ajax Hardware Co. (Scovill Ind.)	Cabinet hardware	700
Aurora Pump	Vertical turbine pumps	450
BDP Company	Vertical turbine pumps	700
Bullock's Distribution Center	Distribution center for Bullock's stores	200
Burroughs Corps.	Business forms & printing	265
Calmar Division, Diamond International Corp.	Sprayers, dispensers & safety caps	800
Challenge-Cook Bros. Inc.	Construction, industrial & commercial laundry equipment	500
Con-Stan Industries, Inc.	Food supplements & beauty aids	200
Crown Zellerbach Corp	Corrugated boxes	240
Fazio's, a Division of Fisher Foods, Inc.	Distribution center & offices for retail food chain	310
Gaffers & Sattler, Inc.	Gas & electric ranges	400
General Battery Corp.	Automotive batteries	240
General Telephone Co.	Utility	450
Golden State Foods Corp.	Processing food for quick service restaurants	287
Gould, Inc.	Automobile batteries	250
Goulds Pumps Inc.	Pump manufacturer	250
Hollytex Carpet Mills	Carpeting	350
Kern Foods, Inc.	Food products	380
Mattel, Inc.**	Toys	500-2,500
Mattel, Inc. (Distribution Center)	Toys	400
Norris Industries, Inc.*	Bathroom fixtures	400
Northrop Architectural Systems	Specialty aluminum items	300
Owens-Illinois, Inc.	Glass tableware	500
Pacific State Hospital	Mental care	1,600
Queen of the Valley Hospital	General acute hospital	700
Quemetco, Division of RSR Corp.	Lead & zinc products	205
Reuland Electric	Electric motors, gears & aluminum castings	385
Roberts Consolidated Industries, Inc.	Carpeting tools & adhesives	400
VSI Corp.	Aircraft fasteners	350
Shepherd Machinery Co.	Earthmoving machinery	336
Spectrol Electronics Corp.	Electromechanical components	500
TRW/Cinch-Graphic	Circuits & circuit boards	210
Utility Trailer Manufacturing Co.	Commercial truck trailers	450
Valley Vocational Center	State adult education center	200
Walter Carpet Mills	Broadloom carpet	484
Western Gear Corp.	Hydraulic & electromechanical systems	675
Western Rebuilders, Inc.	Rebuilt automobile parts	675
Wilson & Company, Inc.	Fresh & processed meats	250
Wilson Paper Co.	Paper & related products	215

*Located in the District

**Seasonal.

Source: City of Industry Manufacturers Council, Community Profiles, and original sources.

NEW CONSTRUCTION

Building permit activity in the District has been at a high level in recent years. In the City of Walnut, total permit valuation in 1972 was approximately \$2.2 million; by 1977 it had increased to more than \$19.3 million. During the six-year span embracing these years, about 95 percent of total valuation consisted of residential construction, principally single family homes. An accompanying tabulation summarizes building permit valuation by years since 1972 in Walnut, as accumulated by the County Engineer's local office. Similar data are not available for Diamond Bar, which is in an unincorporated area. However, the pace of new construction activity in Diamond Bar can be determined by reference to the summary of developer activity on page 28.

In May 1976, the City of Walnut prepared a tract development timetable extending to 1980. At that time, tract builders expected to construct 985 housing units during the five years 1976-80, resulting in an anticipated population increase of 3,642 persons. Following the preparation of this timetable, the city declared a moratorium on new permits for tract housing pending further study of the General Plan to determine the effects of such residential construction on planned development of the city. The moratorium was recently extended to November 1978.

CITY OF WALNUT Building Permit Valuation (\$000 omitted)

Type	1972	1973	1974	1975	1976	1977
Residential	\$1,997	\$3,523	\$6,961	\$8,156	\$19,071	\$18,004
Non-residential	216	213	189	190	760	1,348
Total Value	\$2,213	\$3,736	\$7,150	\$8,346	\$19,831	\$19,352
Number of New Dwelling Units:						
Single	74	148	275	311	547	403
Multiple	45	-	-	-	-	-
Total Units	119	148	275	311	547	403

Source: California Construction Trends, Security Pacific Bank, and County Inspector.

DEVELOPER ACTIVITY

Developer activity in the principal counties of Southern California is monitored periodically by the First American Title Insurance Company. This firm reports that in the fourth quarter of 1977 the Diamond Bar - Walnut area was the second most active in Los Angeles County with 353 sales of new homes for the quarter.

The following tabulation lists residential developments in the City of Walnut and in that portion of Diamond Bar served by the Walnut Valley Unified School District. Only active developments with ten or more lots recorded are listed. For each development, total lots recorded, number of units completed, and the total number of homes sold are shown, as of the fourth quarter of 1977. As noted, the preponderance of new home construction at the present time is taking place in the Diamond Bar area served by the District, with 2,121 lots recorded by currently active developers, 1,037 homes completed and 1,089 homes sold as of the end of the fourth quarter.

In the planned community of Diamond Bar, Transamerica Corporation (acting through its Diamond Bar Development Corporation subsidiary) has arranged for the construction of churches, schools, commercial establishments and residences within District boundaries, which embrace the southern half of this community. A broad spectrum of family incomes and living styles is embraced at Diamond Bar, from town houses to "The Country", featuring luxury custom homes in an equestrian environment.

WALNUT VALLEY UNIFIED SCHOOL DISTRICT
Developer Activity as of Fourth Quarter 1977 (1)

Developer	Development	No. of Lots	Notices of Completion	Total Sales
	<u>City of Walnut</u>			
Huntington S&L	Emerald Knolls	228	225	220
Geo. Hartman et al	Walnut Plaza	30	3	23
L. Amour	Creative Homes	62	24	58
Larwin Co.	Tempo	114	98	109
Affiliated Properties	Calle Baja	12	12	12
La Solana Corp.	Lone Eagle/Trails End	124	59	52
Umark Inc.	Various	525	299	340
Ceeco Development Corp.	Meadowbrook	36	0	0
Totals		1,131	720	814
	<u>Diamond Bar</u>			
M. J. Brock & Sons	The Hills	436	334	368
Levitt-West	North Country	87	60	84
R. E. Presley	Parkside Estates	496	418	410
Diamond Bar Development Co.	Diamond Bar Blvd.	11	0	0
Levitt-West	Meadowbrook	131	112	109
Singer Housing Co.	Mission Ridge	91	45	57
Soca Land	Ranchera/Cameron Crest	64	44	36
M J. Brock & Sons	Brock Homes	283	24	12
Wm. Lyon Co.	Morning Sun	54	0	1
Diamond Ridge	Diamond Ridge	162	0	12
Citation Homes	Greenridge Hills	206	0	0
Weatherfield Homes	Diamond Ridge	100	0	0
Totals		2,121	1,037	1,089

(1) Within area served by Walnut Valley Unified School District.
Source: First American Title Insurance Co.

COMMERCIAL ACTIVITY

There are no major shopping centers in the District. Diamond Bar Plaza is a neighborhood commercial center serving residents of Diamond Bar and adjoining areas. Located here are a branch of Bank of America, Alpha Beta Markets, Thrifty Drug Stores Company, and various retail and service establishments. Walnut Village is also a neighborhood center, serving Walnut City. Residents of the District have convenient freeway access to regional shopping centers at Pomona Mall, Montclair Plaza, Eastland Shopping Center in West Covina, La Habra, and Whittier, all of which have extensive retail and service facilities.

Taxable transactions are available for incorporated areas only. In the City of Walnut, taxable sales approximated \$1.8 million in 1972, increasing to an annual rate of \$4.5 million in 1977, as shown in the accompanying summary by individual years.

Non-retail outlets in the City of Walnut reporting taxable transactions have almost doubled during the past five years, reflecting the gradually expanding commercial and industrial base of the city.

CITY OF WALNUT
Taxable Transactions 1972-77

Year	Retail Outlets		All Outlets	
	Permits	Transactions	Permits	Transactions
1972	19	\$1,820,000	63	\$1,916,000
1973	18	2,250,000	74	2,520,000
1974	20	2,817,000	79	3,560,000
1975	20	3,170,000	87	3,798,000
1976	24	3,375,000	105	3,994,000
1977 (9 mos.)	28	2,950,000	119	3,393,000

Source: State Board of Equalization

FINANCIAL SERVICES

Commercial banking services are available to District residents at local offices of Bank of America (branches at Walnut and Diamond Bar), and Security Pacific National Bank (Diamond Bar). Additional financial services are offered by Brentwood Savings and Loan, Coast Federal Savings and Loan, and Great Western Savings and Loan, all with branches at Diamond Bar, and First Federal Savings and Loan, which maintains an office at Walnut.

TRANSPORTATION

Outstanding transportation facilities have contributed to rapid growth of the area. Traversing the District are main lines of the Southern Pacific and the Union Pacific railroads. Also traversing the District is the Pomona Freeway (State Highway 60), linked by the Orange Freeway (State Highway 57) to the San Bernardino Freeway (Interstate 10), which provides east-west traffic flow a few miles north of the District. The Orange Freeway also provides linkage with Interstate 210 (Foothill Freeway) in the northern part of the San Gabriel Valley, and with the extensive freeway network of Orange County to the south.

Ontario International Airport, less than a 30-minute drive to the east via the Pomona Freeway, is served by nine scheduled air carriers, and is the second most active commercial airport in Southern California. Also readily accessible by freeway are Los Angeles International Airport and Orange County Airport. Local bus service is provided by the Southern California Rapid Transit District. Trailways Bus System maintains terminals at Pomona and West Covina, adjoining the District. Greyhound Bus Lines serves the area from nearby terminals.

EDUCATION

Public educational services beyond high school in the District are provided by Mt. San Antonio College, opened in 1946. This tax-supported two-year institution offers both terminal programs in a variety of vocational fields and undergraduate courses for the student planning to transfer to a four-year institution. Total enrollment of 21,160 and full-time enrollment of 6,519 was reported in the fall of 1976. A faculty of over 800 provides instruction at the attractive campus, located on rolling hills in the northern sector of the District.

Four-year degree institutions within convenient commuting distance of the District include California State Polytechnic University, Pomona, Claremont Graduate School and University Center (Claremont Men's College, Harvey Mudd College, Pitzer College, Pomona College, and Scripps College), La Verne College, Whittier College, and California State University, Fullerton (Orange County).

COMMUNITY FACILITIES AND RECREATION

Hospital facilities close to the District include Covina Inter-Community Hospital, Queen of the Valley Hospital in West Covina, Park Avenue Hospital in Pomona, and the Pomona Valley Community Hospital, Pomona. The two general hospitals in Pomona have a combined capacity of 494 beds. Other hospitals in the area are Kaiser Foundation Hospital (Fontana), San Antonio Community (Ontario) and St. Jude (Fullerton).

Police protection in Walnut Valley is provided by the County Sheriff's Department, which maintains a 150-man substation in the City of Industry. The California Highway Patrol also provides public safety services. The Los Angeles County Fire Department maintains three stations in the Walnut Valley and two in the City of Industry. County fire-fighting capability includes helicopters, resuscitators, rescue units and foam trucks.

The Tribune (West Covina) and the Progress Bulletin (Pomona) provide daily news coverage of Walnut Valley communities. Los Angeles metropolitan newspapers and radio and television broadcasts are received in the District.

The Los Angeles County Library System has branch libraries in Walnut and Diamond Bar. The latter facility is located in a new permanent building on Grand Avenue, within the District.

Two 18-hole golf courses lie partially within the District. The county-owned Diamond Bar Course has a clubhouse and restaurant. Along the District's western boundary is the Pomona National Golf Course, also open to the public, with dining and banquet facilities. There are both public and private courses in surrounding communities, including South Hills Country Club in West Covina and Via Verde Country Club at San Dimas.

The 50-acre Sycamore Canyon Park in Diamond Bar has picnic and barbecue facilities, hiking trails, nature study walks, and softball diamonds. Five miles northeast of the District is Frank G. Bonelli Regional County Park and Puddingstone Reservoir, a huge inter-community complex devoted to land and water recreational activities. Adjoining the Park is Brackett Field, an airport with facilities for sport flying.

About 20 miles north of the District are the San Gabriel Mountains, part of the Angeles National Forest. To the south and west of the District are Disneyland, Knott's Berry Farm, Lion Country Safari, beach communities, and the many attractions of the Los Angeles Metropolitan Area.

LOS ANGELES COUNTY

Los Angeles County was created by an act of the State Legislature in 1850 as one of California's 27 original counties. It covers an area of 4,083 square miles in the south coastal part of the State. The County is bordered on the east by Orange and San Bernardino Counties, on the north by Kern County, on the west by Ventura County, and on the south by the Pacific Ocean. About half of the County is mountainous, the highest elevation being Mt. Baldy (10,065 feet). Part of the Mojave Desert lies in the northern part of the County. The Los Angeles Basin (including a portion of Orange County) contains about one-third of the state's entire population.

The County Department of Regional Planning estimated Los Angeles County's January 1, 1977 population at 7,042,538. From 1970 to 1974 the County's population declined by more than 110,000 persons. Since 1974 the decline in population appears to have been arrested, however, with net increases being posted in 1975, 1976, and 1977.

There are 78 cities in Los Angeles County. In addition to the City of Los Angeles (population 2,761,805), other major cities include Long Beach (341,960), Torrance (135,317), Glendale (132,006), and Pasadena (108,031).

COUNTY GOVERNMENT

Los Angeles County, originally established as a general law county, became a charter county in 1913. The County is governed by a five-member board of supervisors who are elected by the district to serve four-year alternating terms at elections held every two years. The assessor, district attorney and sheriff are also elected officers. All other departments are headed by appointed officials.

The County Board of Supervisors also serves as the governing board for more than 250 special purpose districts serving various areas within its boundaries, including the County Flood Control District which encompasses all but three small areas of the County.

In addition, the County contracts to provide various municipal services to incorporated cities within its boundaries under the Contract Services Plan. The plan was established in 1954 when a series of new city incorporations began. It was designed to allow the new cities to make provision for municipal services without incurring the cost of establishing numerous city departments and facilities.

Under the plan the County will provide any or all such municipal services within a city at the same level as provided in unincorporated areas, or at such higher level as the individual city may specify. Services are provided at cost.

COMMERCE AND INDUSTRY

Los Angeles County is one of three metropolitan areas in the nation with annual retail sales exceeding \$20 billion. More major industrial and financial corporations are headquartered in Los Angeles than in any other area in the west. As a result of the area's extensive natural and human resources it has a well diversified economy.

Los Angeles County is the nation's third largest manufacturing center, and accounted for nearly half of the state's manufacturing employment in 1976.

Manufacturing in Los Angeles County generates annual payrolls exceeding \$10 billion, and provides jobs for more than 800,000 people, two-thirds of whom are in durable goods industries. Transportation equipment (mostly aircraft and parts) is the leading industry in Los Angeles County, based on employment and payrolls. Next in importance is electrical equipment followed by nonelectrical machinery.

The "Roster of Leading California Companies" published by the Los Angeles Times in May 1977 shows that 58 of the 100 largest California industrial companies in 1976 are headquartered in Los Angeles County. These 58 firms had total 1976 sales in excess of \$58 billion. Thirteen of the top 58 had total 1976 sales of more than \$1 billion. Atlantic Richfield Company led the list with a volume of nearly \$9 billion. Others were Occidental Petroleum Corp., Union Oil Company of California, Lockheed Aircraft Corp., Litton Industries, Inc., Getty Oil Company, Carnation Co., Teledyne, Inc., The Signal Companies, Dart Industries, Inc., Fluor Corp., Reserve Oil and Gas Co., and Northrop Corp.

Long recognized as the center of the nation's motion picture industry, Los Angeles County has become the center of the U.S. television industry as well, due to the fact that the two industries utilize similar production facilities and the same specialized labor force.

In Los Angeles and Southern California there has been a general shift towards service producing industries as the rate of increase in this area exceeded the goods producing area. However, manufacturing is still the number one employment category in both employees and payroll.

There are over 250 establishments in Los Angeles County employing 1,000 or more persons. The distribution of employers by size of employment is presented below.

LOS ANGELES COUNTY

Employers by Size of Employment 1977

No. of Employees	No. of Reporting Establishments (1)
0-3	59,155
4-9	34,531
10-19	15,757
20-49	11,367
50-99	4,639
100-249	2,646
250-499	804
500-999	362
1000 and over	254
Total	129,515

(1) Employers reporting under Unemployment Insurance programs as of the third quarter, 1977.

Source: California Department of Employment Development.

Extensive urbanization of the County since World War II has caused a steady reduction in available agricultural acreage. As a result, agricultural activity in Los Angeles County has become more specialized, with emphasis on crops of relatively high value. The County leads the state in revenues from the production of nursery products, accounting for approximately 14 percent of total output in California.

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